

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
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EB-08 COME-00 HA-05 AID-05 TRSE-00 OMB-01 /082 W
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P R 012134Z MAR 78
FM AMEMBASSY MANAGUA
TO SECSTATE WASHDC PRIORITY 5882
INFO AMEMBASSY CARACAS
AMEMBASSY GUATEMALA
AMEMBASSY SAN JOSE
AMEMBASSY SAN SALVADOR
AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L MANAGUA 1003

E.O. 11652: GDS
TAGS: BEXP, EFIN, ELAB, PINT, NU
SUBJECT: INITIAL BUSINESS SECTOR REACTION TO SOMOZA SPEECH AND
WAVE OF DISTURBANCES

REF: (A) MANAGUA 926; (B) MANAGUA 941

1. THE INITIAL REACTION OF AN ADMITTEDLY LIMITED SAMPLING OF BUSINESS
SECTOR LEADERS TO PRESIDENT SOMOZA'S FEBRUARY 26 SPEECH (REF A) IS THAT

SOMOZA'S PROMISES OF REFORM ARE A CASE OF TOO LITTLE AND TOO LATE.
OUR BUSINESS INTERLOCUTORS COMMENTED THAT "ONE ONE" BELIEVES THAT
SOMOZA WILL CARRY THROUGH WITH THE PROMISED REFORMS EXPEDITIOUSLY.

2. SOME OF THESE BUSINESSMEN DESCRIBED HIS SPEECH AS CONCILIATORY
WHILE OTHERS FELT IT WAS CYNICAL AND EVEN THREATENING. THOSE WHO
CONSIDERED IT CONCILIATORY ARGUED THAT THE CONCILIATORY TONE PROVED
THAT THE JANUARY 1978 NATIONAL WORK STOPPAGE MOVEMENT HAD BEEN SUCCESSFUL, I.E., IT HAD FORCED SOMOZA TO RECOGNIZED THE NEED FOR RE-
FORMS, REFORMS THAT THEY SAY SHOULD BEEN INSTITUTED YEARS AGO. THOSE
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WHO VIEWED THE SPEECH AS CYNICAL AND THREATENING EXPRESSED CONCERN
OVER SOMOZA'S APPEAL TO THE WORKING CLASS AND TO TRADE UNION MOVEMENT
AND OVER WHAT THEY SAW AS A DISTINCTIVELY ANTI-AMERICAN TONE IN HIS
DISCOURSE. (SOMOZA HAD ISSUED THINLY VEILED GIBES AT THE USG'S
HUMAN RIGHTS RECORD AND PAST INTERVENTIONS IN NICARAGUA).

3. SOME OF OUR PRIVATE SECTOR SOURCES NOTED THE RECENT AND CON-

TINUING DISTURBANCES IN VARIOUS NICARAGUAN CITIES AND TOWNS (REF B) AND COMMENTED THAT THESE DEVELOPMENTS DEMONSTRATED THAT THE POLITICAL SITUATION IS GETTING OUT OF HAND. THEY DID NOT FEEL THAT THE FEB 26 SPEECH WOULD CALM THINGS DOWN. MANY OF THESE FORESEE THE POSSIBILITY OF A MILITARY COUP WHICH WOULD FORCE SOMOZA OUT. OTHERS THINK THAT THE SITUATION COULD DETERIORATE TO SUCH AN EXTENT THAT CIVIL WAR OR CHAOS COULD EVOLVE. (N.B. THESE COMMENTS CAME FROM A LIMITES AMPLING OF BUSINESS SECTOR CONTACTS, MANY OF WHOM ARE ANTI-SOMOZA.)

4. ALMOST ALL OF THE BUEINESSMEN WE TALKED WITH ANTICIPATE A DIFFICULT PERIOD AHEAD FOR THE NATION'S ECONOMY. THEY WERE NOT BUOYED BY SOMOZA'S CONFIDENT AND OPTIMISTIC PREDICTIONS ABOUT HOW THE ECONOMY WILL FARE IN 1978. A FEW THINK THAT ECONOMIC PROBLEMS AND UNSETTLED POLITICAL CONDITIONS WILL PERHAPS PERSIST FOR FIVE YEARS, EVEN IF SOMOZA STEPS DOWN IN 1981 AS HE PROMISED IN HIS SPEECH.

5. COMMENT: THESE INITIAL REACTIONS TO THE SPEECH FROM PRIVATE SECTOR CONTACTS MAY MODERATE OVER TIME; THEY BETRAY, IN MANY CASES, A DEEP BIAS AGAINST SOMOZA. NONETHELESS, PRIVATE SECTOR DISTRUST OF SOMOZA AND HIS PROMISES IS A FACT OF LIFE WHICH WILL UNDERMINE ANY EFFORTS SOMOZA MAY MAKE TO CARRY OUT BASIC REFORMS.

RUBENSTEIN

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